



DCUSA Consultation

DCP 270 – Removal of HV Medium tariff from CDCM

DCP 270 seeks the removal of the HV Medium Non-domestic tariff and consideration of the removal of both the LV and LV Sub Medium Non Domestic tariffs from the CDCM.

This document presents a consultation for DCP 270 and invites all parties to respond on the proposed change by the **29 July 2016**.

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority. More information is available at www.dcusa.co.uk.
- 1.2 This document is a consultation issued to all DCUSA Parties, interested third parties, and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 270 '*Removal of HV Medium Tariff from CDCM*'.
- 1.3 Parties are invited to consider the points made in this consultation, together with the proposed legal drafting set out in Attachment 2 and submit comments using the response form provided as Attachment 1 to DCUSA@electralink.co.uk by **29 July 2016**.

2 BACKGROUND

- 2.1 During the development of the new tariffs to facilitate DCP 179 '*Amending the CDCM Tariff Structure*' it was agreed that because the HV Medium tariff is currently a preserved tariff for HV connected NHH traded customers, it should be removed from the Common Distribution Charging Methodology (CDCM).
- 2.2 The customer numbers reported in summer 2014 (DCP 179 workgroup, see below) indicate there were around 500 customers on this tariff (out of 25,500 HV customers nationally)
 - They were only identified to exist in some of the Distribution regions – WPD (x4), SP (x2), ENWL, NPG (x2)
 - As this tariff is already preserved, all new HV installations would need to be HH metered from day one – so the number should not have increased.
 - The existing sites will already have HH metering fitted, or are de-energised.

- As they are all identified as PC5-8¹ they should all have advanced meters fitted (by March 2014 as required by supplier licence).
- It was expected that during 2015-16 they should all therefore have migrated to HH trading.

Voltage	Metering	Settlement	Current Tariff	WPD Mid East	WPD Mid West	WPD South Wales	WPD South West	Electricity North West	UKPN EPN	UKPN LPN	UKPN SPN	SPM	SPD	Northern Powergrid (Northeast)	Northern Powergrid (Yorkshire)	SSPD - SSPD	SSPD - SHEPD	Total
HV	CT	HH	HV HH Metered	3,289	4,163	724	1,150	1,979	2,952	2,442	1,216	699	1,084	907	2,045	1,745	545	24,939
		NHH	HV Med non-domestic (PC 8)	24	34	2	3	14				2	11	14	4	-	-	108
			HV Med non-domestic (PC 7)	11	38	1	2	16						6	2	-	-	76
			HV Med non-domestic (PC 6)	47	103	5	4	12						6	9	-	-	186
			HV Med non-domestic (PC 5)	97	114	5	16	18						9	4	-	-	263

3 INTENT OF DCP 270 'REMOVAL OF HV MEDIUM TARIFF FROM CDCM'

- 3.1 DCP 270 has been raised by Northern Powergrid and seeks the removal of the HV Medium Non-domestic tariff and consideration of the removal of both the LV and LV Sub Medium Non Domestic tariffs from the CDCM.

4 WORKING GROUP

- 4.1 The DCUSA Panel has established a DCP 270 Working Group which consists of DNO, Supplier, Consultant and Ofgem representatives.

5 WORKING GROUP ANALYSIS

- 5.1 These tariffs have been preserved for a number of years for HV connected NHH traded customers. The existing sites will already have been de-energised or had HH metering fitted. These sites will have been migrated to HH tariffs or be prioritised for migration prior to April 2017. As a result, removing the tariff from April 2017 or 2018 will not incur an impact on existing Customers. However, the numbers provided in the DCP 179 summer 2014 analysis may have changed slightly since they were provided.
- 5.2 The Working Group agreed that the removal of the HV Medium Non-Domestic tariff should be prioritised. The Working Group considered that there may still be a few customers who don't have AMR metering installed by 2018

Commented [CH1]: To be updated following the first Working Group meeting

¹ PC5-8 - Profile Classes 5-8

5.3 The Working Group considered the removal of the LV Medium Non-Domestic and LV Sub Medium Non-Domestic as these tariffs will also become redundant once all PC 5-8 customers are migrated to HH settlement.

5.4 The Working Group agreed to request each distribution business to review the numbers of HV medium customers populating the table provided for their distribution area and designate their status under one of the following headings:

- **De-energised site**
- **Import part of an import/export set-up** - (such as wind or solar farm). The export part will have HH metering and settled HH. HH metering will be configured to measure the import (and export) HH and can be moved to HH settlement. The import part moves to HH metered or aggregated.
- **Export part of an import/export site** – Move to one of the export tariffs.
- **Wrongly allocated**
- **Other** (please describe)

5.5 The Working Group considered that a similar logic may apply to the sub tariffs. There are slightly more of them. But again as all PC5-8. This like the HV may already be reducing in number as the P272 transition occurs.

5.6 The Working Group agreed to request each distribution business to review the numbers of LV Medium Non-Domestic and LV Sub Medium Non-Domestic populating the table provided for their distribution area and designate their status under one of the following headings:

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6 MODELLING DOCUMENTATION

~~6.1 The DCP 270 Working Group developed a modelling specification for the DCUSA modelling consultant to progress, and the updated model and associated documents are included as Attachment 4.~~

7 LEGAL DRAFTING

Commented [CH2]: Tom Chevaliers view, does the Working Group agree?

Commented [CH3]: Do you want to consult on the principles only or do we wish to include an updated model as part of this consultation?

- 7.1 In drafting the proposed legal text for DCP 270, the Working Group have proposed to remove all references to HV Medium Non-Domestic tariff and the LV and LVS Medium Non Domestic tariff. The proposed legal drafting is included as Attachment 2.

Commented [CH4]: There may be a few customers who don't have AMR metering installed by 2018 and the working group should also consider what happens to these customers. What is the agreed approach?

8 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 8.1 Changes to the DCUSA must better facilitate the DCUSA objectives². The Working Group reviewed the CP against the DCUSA Objectives and agreed that DCP 270 better facilitates DCUSA Charging Objective 1

DCUSA Charging Objective 1

"that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence"

Commented [CH5]: Ofgem have directed that charging methodology changes should only stipulate which charging objectives are better facilitated. Does the Working Group agree with the below objective taken from the CP form?

- 8.2 The Working Group believes DCUSA Charging Objective 1 is better facilitated as the HV Medium non-domestic tariffs are no longer required and it is therefore efficient to remove them from the methodology.

9 IMPLEMENTATION

- 9.1 The proposed implementation date for DCP 270 is the 01 April 2018.

Commented [CH6]: Working Group to confirm implementation date. CP form stipulates the 01 April 2017 or 01 April 2018.

² DCUSA Charging Objectives

1. that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
2. that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)
3. that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
4. that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
5. that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

10 CONSULTATION

10.1 The Working Group is seeking views on the below questions:

1. Do you understand the intent of DCP 270?
2. Are you supportive of the principles of DCP 270?
3. Do you have any comments on the proposed legal text?
4. Do you agree that these HV Medium tariffs should be removed from the CDCM? Please provide your rationale.
5. Do you agree that the LV and LV Sub Medium Non Domestic tariffs should be removed from the CDCM? Please provide your rationale.

~~6. Do you have any comments on the updated model or associated documentation? Please provide supporting comments.~~

~~7.6.~~ Which DCUSA Charging Objectives does the CP better facilitate? Please provide supporting comments.

1. that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
2. that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)
3. that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business

Commented [CH7]: Additional Questions? Do you agree that these tariffs (HV Medium tariff, LV and LV Sub Medium Non Domestic tariffs) should be removed from the CDCM? Please provide your rationale.

Commented [CH8]: CO to draft question on change of measurement class.

Commented [CH9]: Add questions for Suppliers on the migration plans once DNO numbers are quantified.

Commented [CH10]: Dialogue to be added on any issues for Q 4 and 5.

4. that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
5. that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

~~8-7.~~ It is proposed that DCP 270 be implemented on the 01 April 2018. Do you have a preference on the date that DCP 270 is implemented into the DCUSA?

~~9-8.~~ Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

~~10-9.~~ Are there any alternative solutions or unintended consequences that should be considered by the Working Group?

10.2 Responses should be submitted using Attachment 1 to DCUSA@electralink.co.uk no later than **29 July 2016**.

10.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

11 NEXT STEPS

11.1 Responses to the Consultation will be reviewed by the DCP 270 Working Group. The Working Group will then determine the progression route for the DCP.

11.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3017.

12 ATTACHMENTS

Attachment 1 - DCP 270 Consultation Response Form

Attachment 2 - DCP 270 Draft Legal Text

Attachment 3 - DCP 270 Change Proposal

Attachment 4 – DCP 270 Modelling Documentation